

BPI Balanced Fund



As of January 31, 2011

Investment Objective

To achieve long-term capital growth derived from a diversified portfolio of equity and fixed-income securities.

Fund Performance

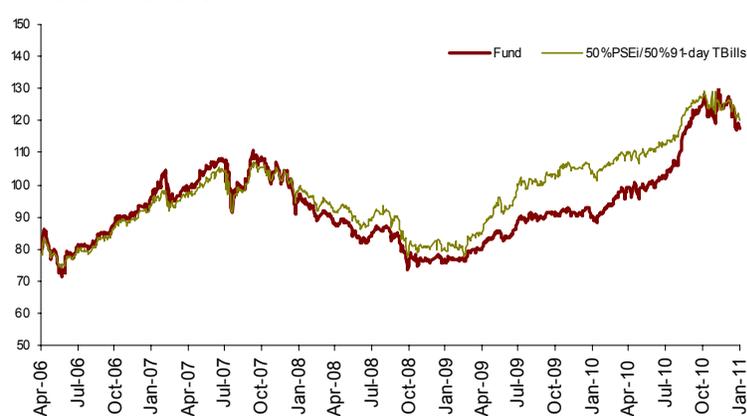
Absolute Returns	Fund	Benchmark*
Year-to-Date	-6.41%	-3.76%
2010	37.38%	20.41%
2009	20.28%	33.32%
2008	-26.80%	-22.30%
2007	11.42%	12.54%
2006	26.31%	24.19%

Returns are net of fees. Past performance is not an indication of future returns.

*50% PSEI/50% 91-d TBills. Prior to 2009, benchmark was 50% PSEI/50% 1-Year TBills.

PSEI is a barometer of stock price movements in the Philippine Stock Exchange.

Net Asset Value Per Unit



Net Asset Value
NAV Per Unit (NAVpu)
Par Value

PHP 702.65 Million
PHP 117.64
PHP 100.00

Fund Manager's Report

Monthly Commentary

Local equities ended the first month of the year in negative territory as risk-aversion dominated market sentiment. The PSE index declined 7.61% as market players locked in profits from the steep run up in stock prices for the past two years. The sectors that outperformed last year were heavily sold off as fears of monetary tightening resulting from higher inflation curbed risk appetite. Positive macroeconomic data were overwhelmed by inflationary concerns. Fourth quarter GDP grew 7.1% year-on-year, higher than the 6% market consensus. November OFW remittances advanced by 10.5% over year-ago figures to USD1.61 billion. Meanwhile, December's inflation rate was unchanged at 3%, allowing the BSP to keep policy rates at current levels. Despite the encouraging news, foreign players led the sell-off as concerns over higher inflation in Asia amid rising commodity prices became the theme for the month. Other Asian markets experienced the same plight as fund managers reallocated funds from emerging markets into developed markets. Interest rate sensitive sectors – namely property and banks – shed the most. Property stocks Megaworld (-15%), Robinsons Land (-14%), and Ayala Land (-11%) and banking issues Banco de Oro (-13%) and Bank of the Philippine Islands (-13%) were the top losers in January. Conglomerates of these property and banking names also suffered, with Ayala Corporation (-14%) and SM Investment Corporation (-13%) rounding out the list of top foreign selling.

Strategy

In the near-term, further consolidation can be expected as foreign investors continue to be net sellers of the market and reallocate funds from Asia into developed markets. Buyers may start to emerge between 3,700 to 3,800 levels as macroeconomic fundamentals remain intact. This should translate to an upside of 15-20% from our year-end PSE index forecast of 4,500-4,800. The Fund's underperformance was due to its overweight position in equities relative to its neutral strategy. In addition, the Fund was overweight in property and conglomerate sectors which were heavily sold off in January. We believe that this is a temporary setback as these sectors are still expected to post modest earnings this year. Finally, the massive sell-off can be viewed as an opportunity to buy as corporate balance sheets remain healthy and earnings prospects for this year are still on an uptrend, although lower than last year's blistering performance.

Risk Disclosure

The Fund is suitable for investors who take medium- to long-term views. As a marked-to-market UITF, the Fund's net asset value and total return may fall as well as rise as a result of stock prices and interest rates movements. On redemption of units, an investor may receive an amount less than the original amount of investment.

Fund Facts

Structure	Unit Investment Trust Fund
Fund Type	Balanced Fund
Client Suitability	Suitable for investors with an aggressive risk profile
Base Currency	Philippine Peso
Minimum Initial Investment ¹	PHP 10,000.00
Minimum Transaction ¹	PHP 1,000.00
Minimum Holding Period	90 calendar days
Early Redemption Fee	0.50%
Trust Fees	1.50% per annum 0.37% per quarter ²

Custodianship Fees ³	0.001%
External Audit Fees ⁴	0.02%
Special Expense ⁵	PHP 2000.00 per annum
Valuation Methodology	Marked-to-Market
Trustee	Bank of the Philippine Islands
Available Thru	Bank of the Philippine Islands Branche:
Custodian	HSBC
External Auditor	Isla Lipana & Co.
Dealing	Daily up to 12 noon
Bloomberg Ticker	BPIEQBL

¹Contribution rounded down/ redemption rounded off to the nearest whole unit.

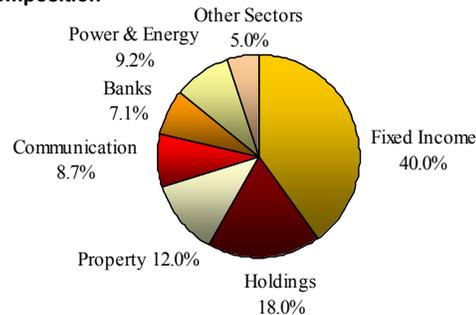
²Trust fees paid for the quarter as a percentage of average daily NAV for the quarter.

³Custodianship fees billed for the quarter as a percentage of average daily NAV for the quarter.

⁴External Audit fees as a percentage of end-year 2008 NAV.

⁵For publication expense.

Portfolio Composition



Top 10 Equity Holdings

Top 10 Equity Holdings	% of Fund
Philippine Long Distance Tel. Company	8.7%
Aboitiz Power Corporation	4.2%
PNOC Energy Development Corporation	3.7%
DMCI Holdings, Inc.	3.4%
Universal Robina Corporation	3.1%
Banco de Oro Universal Bank	3.1%
SM Investments Corporation	3.0%
Ayala Land, Inc.	2.9%
Metropolitan Bank and Trust Company	2.9%
Metro Pacific Investments Corporation	2.9%

Any prospective investment shall be limited to the type of investments described in the Declaration of Trust for the Fund.

Risk Characteristics

Risk Measures	Past 12 Months			
	Past 360 Da _i	Low	High	Average
Volatility, Past 360 Days	12.18%	5.40%	12.18%	7.38%
Information Ratio, Past 360 Days	1.06			

BPI Balanced Fund is a Unit Investment Trust Fund (UITF) and not a bank deposit product. It is not guaranteed by BPI nor by the Philippine Deposit Insurance Corporation (PDIC). As such, units of participation of the investor in the UITF, when redeemed, may be worth more or worth less than his/her initial investment/contributions. Due to the nature of the investments, yield and potential yields cannot be guaranteed. Any income or loss arising from market fluctuations and price volatility of the securities held by the UITF, even if invested in government securities, is for the account of the investor. Historical performance, when presented, is purely for reference purposes and is not a guarantee of future results. The Trustee is not liable for losses, unless upon willful default, bad faith or gross negligence. For the purpose of lodging, clearing, settlement, and delivery of securities in the Fund, the Trustee is authorized to avail of the services of third party institutions such as but not limited to custodians which the Trustee may change or replace without prior notice to or approval from the investors. The Trustee will not be responsible for any loss or damage suffered by the Fund as a result of the third parties' willful default, gross negligence, or evident bad faith. Investors are advised to read the Declaration of Trust for the Fund, which may be obtained from the office of the Trustee, before deciding to invest. For inquiries, please call: (632) 845-5080, (632) 845-5087 or (632) 816-9053, email bpi_trust@bpi.com.ph or visit www.bpiexpressonline.com.